

SENATE Tax
Exhibit No. 2
Date 3-19-2015
March 17 2015 HB 262

Montana Legislature
Senate Taxation Committee

Dear Members of the Committee,

Thank you for your attention on HB 262. Affordable housing is a crucial issue for the Big Sky School District. We believe our community improves and our District achieves higher standards when teachers, administrators and staff members live and work in the community with families and students.

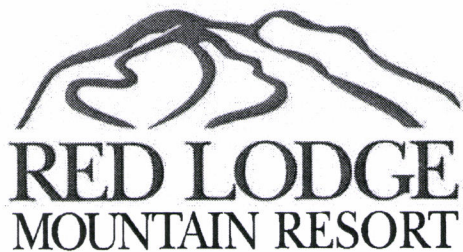
Given the resurgence of building and the increase in the cost of construction in our community and the greater Gallatin Valley, it is increasingly difficult to find housing for our teachers and staff which matches their income level. Our District has been at the forefront of building relationships to find teacher housing and creative in offering financial incentives when possible and we are proud that over 60% of our staff currently resides in the District. As we bring in new staff, however, it appears that the price increases will require more broad-based solutions.

HB 262 will allow our citizens more options in our quest to build a stronger school and a more vibrant community. We are pleased that it allows a local solution specific to a local problem and requires "buy in" from the overall community. In resort communities across the western US, the issue of housing is never "solved" but giving us tools to improve and adjust to specific local situation will ensure a better outcome.

Thank you for your attention and please support HB 262 to allow local solutions for our local issues.

Best Regards,

Loren Bough
Chairman, Board of Trustees
Big Sky School District #72



3/11/15

Dear Members of the Senate Taxation Committee,

My name is Jeff Schmidt, General Manager of Red Lodge Mountain Ski Area, Red Lodge, Montana. I am writing this letter to express our support of House Bill 262. Red Lodge currently collects resort tax. Historic preservation and workforce housing are both issues that affect Red Lodge and other resort communities in our State. Giving communities the ability to decide locally whether this additional tax is needed is a great option to provide funding for these two issues. Thank you for your consideration.

Regards,

A handwritten signature in dark ink, appearing to read "Jeff Schmidt". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jeff Schmidt

General Manager Red Lodge Mountain

OFFICE OF THE SHERIFF

Madison County, Montana

Roger Thompson
Sheriff

P.O. Box 276
Virginia City, MT 59755
(406) 843-5301

Phil Fortner
Undersheriff

March 10, 2015

The Honorable Senator Bruce Tutvedt
Montana State Senate
PO Box 200500
Helena, MT 59620-0500

RE: Support of House Bill 262

Dear Senator Tutvedt,

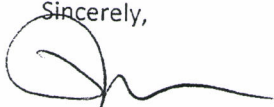
House Bill 262 has been recently brought to my attention and how it may affect a county such as Madison County. Since Madison County has two significant areas such as Virginia City and Big Sky, which could be impacted by HB 262 in the category of emergency services, I wish to express my support for this bill.

The reason for this support is that the voters of a Resort tax District could be the people who could determine support for workforce housing. This is an area that has affected law enforcement specifically in the Big Sky region since hiring and retaining deputies who can work in the area has been difficult primarily due to finding housing for them to be able to live in since on-call coverage is vital to being able to provide local law enforcement services. I also know that this has affected other emergency workers as well.

By allowing the local citizens to decide on whether they wish to support their local emergency workers by potentially bringing them closer to their communities is the best option for the public. This bill does not ask for state or federal dollars to assist in the implementation of bill nor financially support the decision of the voter. Since it is my belief that law enforcement should remain close to the public it serves while at the same time conducting business in the most fiscally responsible way, HB 262 is a good way to allow local communities that experience high visitation rates to help decide on how they want their communities to operate.

Thank you for your time in consideration of this bill.

Sincerely,



Roger Thompson,
Madison County Sheriff



Alan McClain

34 Sage Dr.

Big Sky, MT 59716-0273

Thursday, March 12, 2015

RE: House Bill 262

The Honorable Bruce Tutvedt

Montana Senate

PO Box 200500

Helena, MT 59620-0500

Dear Senator Tutvedt and Members of the Senate Taxation Committee:

Affordable housing is a critical need in Big Sky. As a Big Sky small business owner and active community member (Member of Big Sky Fire Board of Trustees) I support this bill that helps address this need. Though no single item is going to eliminate the issue, a creative effort such as this bill is a solid step in the right direction.

My business, Big Sky Landscaping, employees approximately 30 men and women spring through fall and a handful of people year round. 95% of those employees currently live in Big Sky. The Big Sky Fire Department and I both offer well-paying jobs and enjoy quality employees. A lack of affordable housing will inevitably lead to losing these employees and their families to places where they can afford to live.

Thank you for your support thus far and your efforts to move this bill forward.

Sincerely,

Alan McClain

BOZEMAN DAILY CHRONICLE

Big Sky boom: Community rebounding from recession, but with growth come growing pains

By Daniel DeMay Chronicle Staff Writer

Posted: Sunday, February 15, 2015 12:00 am

BIG SKY — A few years ago, burdened by the Great Recession and financial troubles at some of the resorts, the future looked dicey for this 2,500-resident resort town.

More than a third of the workforce was shed — largely in construction trades — and the value of area properties plummeted.

But an influx of new investments in the resorts, along with a swift return to healthier economic times, have reignited a boom. And developers with their hands on the controls of that boom say it's only beginning.

"We're at a watershed moment in Big Sky," said Mark Thorne, CEO of Lone Mountain Land Co., the company overseeing much of the new real estate development in and around the resorts. "The future is in the very early innings of the game. We're re-envisioning the whole development and experience of the community."

Thorne's company has big plans: more condos around Big Sky Resort; high-end homes in the surrounding property that would be spread out enough to never see their neighbors; possibly a four- or five-star hotel within one of the resorts in the future; the list goes on.

At the same time, Yellowstone Club, the exclusive 13,600-acre ski and golf resort-development for the ultra-rich (members must own property and pay a \$300,000 upfront fee, along with \$36,000 annually), has more than 70 homes and condominiums under construction and is courting new members.

The development, along with a resurgence in tourism, is surely a boon for Big Sky, which

collects a 3 percent resort tax on luxury spending in the area and uses it to fund everything from its fire department to free concerts in the summer. But guiding that growth can be tricky for a community that sits in two counties and has no single municipal agency governing its future.

And with a shortage of available land or existing homes for sale, the cost of housing — particularly for people working in the area — is the driving force behind a high cost of living in the area.

Area developers, the Big Sky Chamber of Commerce, and concerned citizens are all trying to answer the question: How can they turn the bulging growth of Big Sky into a year-round livable community?

Welcome to...Aspen?

Looking around Big Sky, it's easy to wonder if this is what Aspen might have felt like in the early 1970s, when the little mountain hideaway started to be overshadowed by its own luxury resort boom.

Aspen's high-end growth got so out of control that the city created a housing authority and enacted an ordinance that required developers to include affordable housing as a percentage of projects so at least some of the year-round working population could afford to live there.

Big Sky shares a lot of the same draw Aspen held in those early days. It's quiet and out of the way. It's not overrun with tourists or traffic, and it's not far from Yellowstone National Park, making it an appealing place to hole up away from the hustle and bustle of mainstream America.

But unlike Aspen, Big Sky isn't an incorporated city and can't simply mandate something like an affordable housing ordinance.

The solutions may come, at least in part, from the developers driving the growth.

"It's apparent we need to be a leader in affordable and workforce housing," Thorne said. "It's an absolute requirement to create a viable, real community of people who live here year-round."

The Big Sky Chamber of Commerce has been working on the issue since 2013, and a draft report was released in May of last year that found, among other things, median housing prices in the area were more than double what a median income earner in Big Sky could afford.

Big Sky's housing market, like most resort communities, is inflated by the high-end resort developments and demands for second and vacation homes, the report found.

The 52-page report, prepared by Denver-based Economic & Planning Systems, Inc.,

compared several existing resort communities — Aspen included — and offered a handful of recommendations for Big Sky.

While few would expect to see everyone who works in Big Sky living there, the report set a goal that 60 percent of year-round employees from the area should have the chance to live there.

That's a lofty goal, however, as most who work in Big Sky don't live there now.

A 'sustainable' community?

To date, most of the people working in the Big Sky area don't live anywhere near it. In fact, almost as many people commute to work there — about 1,900 — as live there.

The housing report found that 83 percent of the people who work in the area commute in every day — many from Bozeman and Belgrade — and that number has been increasing an average of 8 percent per year since 2002.

That doesn't bode well for a sustainable community, even if the growth is putting a lot of money into the coffers of the resort tax district, Clemens said.

"It's not a complete land of milk and honey — nothing ever is when communities are growing," she said.

At the same time, some aspects of the community are starting to catch up to its populace.

Roxy's Market and Deli opened late last year, adding a third, larger full-service grocery store to the area. And the Big Sky Medical Center, slated to open later this year, will offer emergency and in-patient beds for a variety of medical services.

Those kinds of improvements are helping to make it a little easier to live in Big Sky, said Ryan Hamilton, project manager for Big Sky Town Center.

Still, the current lack of workforce housing — and workers, for that matter, with a low unemployment rate across the county — has chamber board members, developers and community members sizing up the options from the housing study and beyond.

Solving the crunch

It's not just Big Sky that can't come up with enough affordable housing for its low- and medium-income workers. Bozeman faces the same issue, and the city is still juggling potential options to overcome the scenario.

"It's a problem we all have and we're going to need to solve it," said Pierre Martineau, a former Gallatin County commissioner and deputy mayor of West Yellowstone.

But mandated affordable housing is off the table for the unincorporated community, so other options, such as a housing or land trust, taxes and developer fees, might be more feasible.

A subcommittee of the chamber's board is working to create an economic development district in Big Sky, which would allow use of another tool — tax increment finance or TIF — to fund infrastructure for new business. The TIF allows for taxes collected on increases in land value to help foster business growth by funding needed infrastructure or other projects to spur business.

In theory, business infrastructure paid for with TIF funds — such as much-needed water and sewer access — could also help lower costs for future housing projects, Clemens said.

That could help make building less pricey workforce housing more appealing to developers, but it will still take work between groups to get something tangible done, said Joe Miller, assistant vice president of First Security Bank's Big Sky branch.

"There's really not one specific entity that's going to be able to help unless there's a market for it," Miller said. "It's hard to build a market for it when the cost to build doesn't pencil out for what we need here."

The chamber is also supporting a bill to allow up to a 1 percent increase of the resort tax — with voter approval — to go toward workforce or affordable housing in Big Sky, Clemens said.

Chamber board member and Lone Mountain Land Co. employee Kevin Germain testified at a hearing for the measure, House Bill 262, last week, telling the House Taxation Committee that Big Sky needs to be able to fund workforce housing to foster a year-round community.

The measure, sponsored by Rep. Kerry White, R-Bozeman, passed the committee during executive action, but its effects could still be a long way off, even if the bill survives the legislative session.

On a third front, the chamber is working on another option from the housing study: a demonstration housing project. If the project is a success, it could show the community how a successful workforce housing project might look.

Similarly, the group has laid the groundwork for a land trust to be managed by a housing authority, Clemens said. Such an arrangement could set land aside, lock prices below market rate, and manage rental or for-sale housing aimed at full-time, working residents.

While these projects may be steps in the right direction, more needs to be done — and soon — Martineau said. The solution will take cooperation from the whole community, he said.

Big Sky boom: Community rebounding from recession, but with growth... <http://www.bozemandailychronicle.com/news/economy/big-sky-boom...>

"We've really got to get serious about it," he said.



OFFICE OF THE SHERIFF / CORONER

GALLATIN COUNTY, MONTANA

Brian M. Gootkin
Sheriff

Dan Springer
Undersheriff

Warren Hiebert
Chaplain

615 South 16th
Bozeman, Montana 59715
(406) 582-2100
FAX (406) 582-2126

March 12, 2015

The Honorable Bruce Tutvedt
Montana Senate
PO Box 200500
Helena, MT 59620-0500

RE: Support of House Bill 262

Dear Senator Tutvedt and Members of the Senate Taxation Committee:

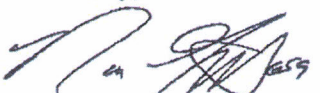
I am writing to you in support of HB 262. This bill would greatly impact the congestion on Hwy 191. The recent reconfiguration of this highway has assisted in alleviating the safety concerns, but it does not address the amount of traffic to and from the Big Sky area. Not only does this resort area attract a multitude of visitors seeking to enjoy its recreational beauty, but a great many individuals work in the Big Sky area and must commute from various surrounding regions.

The Big Sky Chamber of Commerce recently noted that 83% of the workforce in the Big Sky area commute, thus creating an influx of traffic on this roadway. These workers help to make this area a great place to live and recreate.

As you are aware HB 262 would allow resort communities to decide whether or not to increase their existing resort tax and it would provide funding for workforce housing. With 83% of our tax payers commuting to and from this area due to the difficulty in obtaining affordable housing, this bill could significantly impact the current traffic flow in this locale. Fewer bodies on the road can only mean additional safety for our citizens.

I urge you to vote yes on HB 262.

Sincerely,



Brian M. Gootkin, Sheriff
Gallatin County

Oldest Incorporated Town in Montana

Center of Montana's Richest Gold Producing Area

TOWN OF VIRGINIA CITY

Cradle of Montana's History - Capital 1863-1873

P.O. Box 35

313 East Wallace Street

VIRGINIA CITY, MONTANA 59755-0035

March 16, 2015


Re: HB 262

To Whom It May Concern,

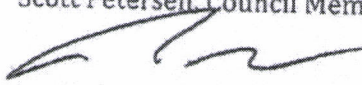
The following Virginia City Town Council Members and the Virginia City Historical Preservation Officer offer our support for House Bill 262.

That is to say, the undersigned want to allow the electorate of Virginia City to vote on whether or not to increase the resort tax from 3% to 4% with the additional revenue going entirely into historic preservation efforts and/or workforce housing.

Thank you,

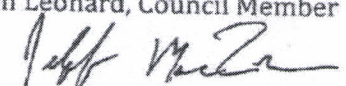

Robert Erdall, Mayor

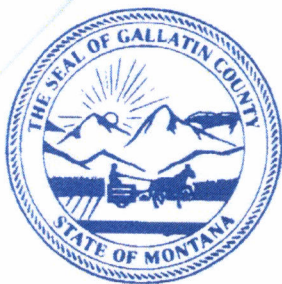

Scott Petersen, Council Member


Justin Gatewood, Council Member


Scott Kelley, Council Member


Erin Leonard, Council Member


Jeff MacDonald, Historic Preservation Officer



GALLATIN COUNTY

311 West Main, Rm. 306 • Bozeman, MT 59715
commission@gallatin.mt.gov

County Commission

Joe P. Skinner
Steve White
Donald F. Seifert

Phone (406) 582-3000
FAX (406) 582-3003

March 5, 2015

The Honorable Bruce Tutvedt
Montana Senate
PO Box 200500
Helena, MT 59620-0500

RE: Support of House Bill 262

Dear Senator Tutvedt and Members of the Senate Taxation Committee:

We wish to thank you for taking the time to consider House Bill 262, introduced by Representative Kerry White. HB 262 seeks to provide residents within the Resort Tax Districts in Montana with the ability to vote to increase the resort tax by up to 1%, to a maximum levy of 4% on the sale of luxury items. If approved by a *local* vote, the added penny levied would be dedicated to projects related to Historic Preservation or Workforce Housing within designated Resort Tax areas.

Two important and essential ingredients for economic success of Montana resort communities are preserving their historic Montana character and promoting a sense of place and community belonging. Restoration of historic structures in resort settings not only preserves Montana history and culture while attracting tourists, but can also be the focal point of revitalization of downtown districts. Affordable workforce housing is necessary to be a fully functioning community of families and businesses striving to reach their full potential. By the nature of real estate prices in resort environments it is impossible for the average worker to set roots in the community without some affordable housing assistance. Resort Communities all over the country wrestle with providing affordable housing.

A study commissioned by the Big Sky Chamber of Commerce in the spring of 2014 for the Big Sky area documented: 83% of the workforce commutes into work - most live an hour or more drive away; The Average Median Income (AMI) of Big Sky is \$58k/year; The Median Home Value (MHV) is \$380k-\$510k; and The ratio of MHV/AMI is 6.5 to 9 times versus an "affordable" ratio is 3 to 4 times. The affordable housing study completed in the spring of 2014 for Big Sky recommended a target of 630 to 670 more housing units to address the needs of TODAY

Research also found that the Average Median Income in West Yellowstone (in 2009) was just over \$36,000 and the Median Home Value is currently \$124,000. Without work force housing, this community is unable to accommodate the current number of visitors nor the predicted increases. Attracting and retaining employees is difficult at best in an area that has little housing available and devoted for this purpose. The larger companies are better able to take care of their employee housing needs, but the smaller businesses struggle to keep up and hire quality employees.

There are broad community benefits for both the West Yellowstone and Big Sky areas. Resident employees who are invested in their community often become future leaders and volunteers. Qualified labor is getting harder and harder to find. The creation of housing options allows employers to grow their businesses, thus creating more tax revenues for the State of Montana. The availability of housing allows for attracting and retaining quality teachers and administrators while also allowing emergency responders and law enforcement to live locally and provide quicker response times. Finally, allowing employees to live locally lessens the traffic on Highway 191, one of the busiest and deadliest highways in the state, thereby improving the safety of our highways for both residents and visitors.

If approved, HB 262 provides a possible tool for voters to consider helping alleviate the economic constraint of lack of housing. House Bill 262 does not create a new tax, as it would not be a state mandated increase. However, it would provide the local residents residing within the resort tax boundary the opportunity to vote and have local control.

Once again, we want to thank you for your consideration of HB 262 and we respectfully request a favorable YES vote.

Sincerely,

R. Stephen White, Chairman, The Gallatin County Commissioners

March 14, 2015

The Honorable Bruce Tutvedt
Montana Senate
PO Box 200500
Helena, MT 59620-0500

RE: Support of House Bill 262

Dear Senator Tutvedt and Members of the Senate Taxation Committee,

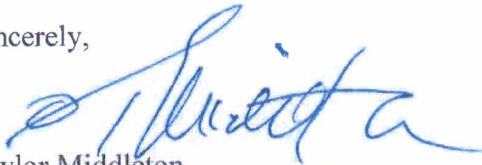
Big Sky Resort, Big Sky's largest employer and largest collector of the Resort Tax is standing with the Big Sky Chamber of Commerce and other local business leaders in support of HB 262. The legislation will allow Resort Tax communities to increase the maximum Resort Tax collection amount from 3% to 4% with the extra collections being allocated to historic preservation and/or development of affordable housing.

Summary Points of HB 262:

1. No effect on State's fiscal budget
2. Local control - requires resident election
3. Gives resort communities that typically have a higher cost of living an option to improve affordable housing
4. Employee shortages caused by housing shortages are a major economic development issue hindering contribution to improved state and county tax base

I hope that you can support us by voting yes to HB 262.

Sincerely,



Taylor Middleton

President and General Manager | Big Sky Resort

50 Big Sky Resort Road | PO Box 160001 | Big Sky, MT 59716

(TF) 800-548-4486 | (D) 406-995-5771 | (F) 406-995-5001

www.bigskyresort.com

The Biggest Skiing in America® | Basecamp to Yellowstone | Best Mountain Meetings



MADISON COUNTY BOARD OF COMMISSIONERS

P.O. BOX 278

VIRGINIA CITY, MT 59755

Commissioners

David Schulz
Ronald E. Nye
James P. Hart

e-mail: madco@madison.mt.gov
www.madison.mt.gov

Phone: (406)843-4277
Fax: (406) 843-5517

.....
March 5, 2015

The Honorable Bruce Tutvedt
Montana Senate
PO Box 200500
Helena, MT 59620-0500

RE: Support of House Bill 262

Dear Senator Tutvedt and Members of the Senate Taxation Committee:

We, the Madison County Commissioners, thank you for taking the time to consider House Bill 262, introduced by Representative Kerry White. HB 262 seeks to provide the Resort Tax Districts in Montana with the ability to vote to increase the resort tax by up to 1%, to a maximum levy of 4% on the sale of luxury items. If approved by a **local** vote, the added levied amount would be dedicated to projects related to Historic Preservation or Workforce Housing within designated Resort Tax areas.

Two important and essential ingredients for economic success of Montana resort communities are preserving their historic Montana character and promoting a sense of place and community belonging. Restoration of historic structures in resort settings not only preserves Montana history and culture while attracting tourists, but can also be the focal point of revitalization of downtown districts. Affordable workforce housing is necessary to be a fully functioning community of families and businesses striving to reach their full potential. By the nature of real estate prices in resort environments it is impossible for the average worker to set roots in the community without some affordable housing assistance. Resort Communities all over the country wrestle with providing affordable housing.

Big Sky Housing Study

A study commissioned by the Big Sky Chamber of Commerce in the spring of 2014 documented:

- 83% of the workforce commutes to work - most drive an hour or more one way.
- The Average Median Income (AMI) of Big Sky is \$58k/year.
- The Median Home Value (MHV) is \$380k-\$510k.
- The ratio of MHV/AMI is 6.5 to 9 times versus an "affordable" ratio is 3 to 4 times.
- The affordable housing study completed in the spring of 2014 for Big Sky recommended a target of 630 to 670 more housing units to address the needs of TODAY.

Community Benefits

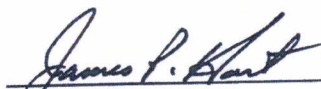
- Sense of Community - Resident employees are invested in their communities, oftentimes becoming future leaders and volunteers for civic organizations, churches and schools.
- Business Employment Needs - Qualified labor is getting harder and harder to find. By creating housing options employers can grow their businesses, creating more tax revenue for the State of Montana.

- Schools and Emergency Services - Allows for attracting and retaining quality teachers and administrators, while emergency responders and law enforcement who live locally have quicker response times.
- Highway Safety - Highway 191 to Big Sky is one of the busiest and deadliest highways in the state. By allowing employees to live locally, traffic on HWY 191 will be significantly reduced resulting in improved safety.

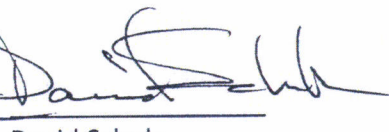
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Once again, we thank you for your consideration of HB 262 and we respectfully request a favorable YES vote.

Sincerely,


James P. Hart, Chairman
Board of Commissioners
Madison County


Ronald E. Nye


David Schulz